Distr.
GENERAL

IDB.24/12
18 April 2001

United Nations Industrial Development Organization

ORIGINAL: ENGLISH

Industrial Development Board

Twenty-fourth session
Vienna, 19-22 June 2001
Item 7 of the provisional agenda

ENVIRONMENT-RELATED ACTIVITIES

Report by the Director-General

Provides information on recent progress made in implementing resolution GC.8/Res.2 on UNIDO and the Global Environment Facility. Reports on the implementation of resolution GC.8/Res.3 on sustainable industrial development, and of decision IDB.23/Dec.11 on climate change and environment.

Introduction

1. The present document provides information relevant to three specific mandates:

- Updates documents IDB.22/4 and IDB.23/11 on progress made in implementing General Conference resolution GC.8/Res.2 (Global Environment Facility (GEF) and technical cooperation activities);
- Updates document IDB.22/9 on action taken in the implementation of resolution GC.8/Res.3 (sustainable industrial development);
- Reports on the implementation of Board decision IDB.23/Dec.11 (climate change and environment).

I. RESOLUTION GC.8/RES.2—GLOBAL ENVIRONMENT FACILITY

2. Strengthening the existing working relationship between UNIDO and GEF, a number of activities were undertaken by both organizations, aimed particularly at deepening the mutual knowledge of mechanisms, strategies and policies.

3. Following an invitation by the GEF secretariat, an important step towards closer cooperation between UNIDO and GEF was taken in early November 2000, when for the first time UNIDO was represented at the GEF Council meeting, held in Washington, D.C. The Council confirmed its support to UNIDO, particularly in the area of Persistent Organic Pollutants (POPs). It was also decided on that occasion that the executing agencies with expanded opportunities would be authorized in the future to access GEF funds, not only for the preparatory phases but also, and most importantly, for full-scale projects.

4. After the GEF Council meeting, an internal briefing was held at UNIDO Headquarters on the occasion of the official visit of the GEF Assistant Chief Executive Officer and Corporate Finance Manager, in November 2000, to review the terms of cooperation and discuss two agreements required for its finalization.

5. Selected UNIDO staff members were invited by the GEF secretariat to participate, together with other partner agencies, in a GEF familiarization seminar in Washington, D.C. at the end of November. At this intense two-day event, participants worked through a mixture of formal presentations, case studies and discussions covering key policies, programmes, procedures and criteria.

6. In recognition of its expertise in POPs, UNIDO was invited in January 2001 to become a member of the GEF Inter-Agency Task Force on POPs and to actively

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V.01-82838 (E)

Distr.: 2 May 2001

participate in drafting a GEF Council document entitled "Initial guidelines for enabling activities for the Stockholm Convention on POPs". Likewise, the GEF secretariat requested UNIDO to take the lead in the preparation of the GEF strategy on POPs by-products.

7. The GEF secretariat indicated on the occasion of a UNIDO team mission to Washington in February that it would consider funding up to 12 UNIDO projects per year, subject to the availability of UNIDO supplementary resources. The average GEF project size is $9 million. On the same occasion, UNIDO informally submitted six project concepts for possible consideration by GEF: three on POPs, two on international waters and one on renewable energy and climate change. Subsequently, and as agreed during the mission, the GEF Corporate Finance Manager paid a visit to UNIDO Headquarters in March 2001 to finalize the draft financial procedures agreement.

8. Also in March 2001, UNIDO participated in the GEF-UNEP workshop on information-sharing and data exchange, which discussed project information management mechanisms and their application to environment-related projects and programmes.

Enhancing the potential for UNIDO cooperation

9. A number of promotional activities took place in the period under review to increase UNIDO's visibility in those areas selected for cooperation between UNIDO and GEF. Accordingly, in October 2000, at the event on UNIDO energy strategy that preceded the twenty-third session of the Board, a paper was presented on sustainable energy futures. The paper identified, inter alia, the issues arising from the worldwide growth in energy demand and its potential environmental impact. In addition, another paper on UNIDO's efforts towards the implementation of the POPs Convention was presented.

10. To illustrate UNIDO's work in the area of sustainable development of water resources, a UNIDO strategy paper on integrated assessment, management and governance in river basins, coastal zones and large marine ecosystems was issued at the beginning of 2001. Much of the work presented in this document might be undertaken with GEF support.

11. Piloting a series aimed at covering all developing regions, the first GEF training and awareness initiative for UNIDO Representatives in the African region took place at Lagos, Nigeria, in October 2000. Participants were trained in topics related to GEF instruments, its constitution, governing bodies and project cycle.

12. In the same month, a presentation by the Executive Secretary of the United Nations Framework Convention on Climate Change on climate change and the Kyoto Protocol intergovernmental process was held for Permanent Missions to UNIDO.

13. In the area of POPs, UNIDO participated in the fifth session of the Intergovernmental Negotiating Committee for an International Legal Binding Instrument for Implementing International Action on Certain POPs, and in the International POPs Elimination Network NGO Preparatory Workshops, both held at Johannesburg, South Africa in December 2000.

14. In direct response to resolution GC.8/Res.2, UNIDO entered the second phase of the project for development and promotion of UNIDO's strategy towards GEF-fundable activities in March 2001, building upon the results achieved in phase one.

Projects

15. Parallel to the promotional activities mentioned above, a number of developments occurred in connection with specific projects. Of major importance was UNIDO's participation in the first meeting of the African stockpile project (ASP) stakeholders hosted by FAO in February 2001 (to be followed in April 2001 by the second meeting of ASP stakeholders hosted by the World Bank) in which several agreements and new points of consensus were achieved. Aimed at identifying and disposing of obsolete pesticide stockpiles from all African countries in an innovative and cost-efficient manner, this project offers significant potential impact.

16. In the framework of the Dnieper River Basin environment programme, UNIDO participated in the UNDP/GEF inception workshop held in Kiev, Ukraine, in March 2001, thereby contributing to the preparation of an action plan for the remediation of environmental damage to the international waters of the Dnieper River and its basin inflicted through POPs. This programme is a potential pilot case whose scope could eventually cover the international waters of the Black Sea, and it is therefore of great relevance for the region.

17. The second phase of the project on energy conservation and greenhouse gas emissions reduction in Chinese township-village enterprises was approved at the end of 2000 with a budget of $7.4 million.

18. In March 2001, the Government of China requested UNIDO to assist in the formulation of a GEF project proposal for the development of a national strategy and implementation plan for POPs. This proposal was submitted to the GEF secretariat at the end of March 2001.

II. RESOLUTION GC.8/RES.3—SUSTAINABLE INDUSTRIAL DEVELOPMENT

19. The principal activity undertaken since the issuance of document IDB.22/9 concerns UNIDO preparations for the World Summit on Sustainable Development (Rio+10), which will be convened at Johannesburg, South Africa, in September 2002.

UNIDO is involving itself in this process of preparatory activities to meet two objectives:

- To secure a resolution in the final document of WSSD that acknowledges the key function of industry in sustainable development;
- To secure an enhanced mandate for the UNIDO technical cooperation programme.

20. UNIDO's involvement is based on the following activities:

(a) An interdivisional task force was established in August 2000 to coordinate UNIDO preparations. Membership covers those UNIDO branches whose work is most relevant to the scope of Agenda 21, and whose implementation will be reviewed and assessed at the Summit;

(b) Members of the task force have been preparing UNIDO's input to the United Nations Inter-Agency Committee on Sustainable Development (IACSD), which has prepared a series of reports that will form the basis of the Secretary-General's report for the Summit. The report will be used at the Summit to review and assess the implementation of Agenda 21 and establish the programme for its further implementation. Task managers from throughout the United Nations system have been assigned to the 40 chapters of Agenda 21 and have worked together to prepare 20 review reports. UNIDO task force members have been involved in reviewing the drafts of these reports and giving UNIDO-specific inputs;

(c) UNIDO will participate in the semi-annual meetings of IACSD as well as in other preparatory events;

(d) UNIDO will undertake an assessment of whether industrial activities in developed and developing countries have converged on or diverged from sustainable development targets over the past decade. This assessment will draw on the analysis undertaken for the World Industrial Development Report and the UNIDO report for the forthcoming Third United Nations Conference on the Least Developed Countries. The findings of this assessment will be UNIDO's central input to various preparatory activities;

(e) UNIDO will work with a selected number of developing countries to ensure that their national reports for the Summit reflect the contribution that industry can and has made to sustainable development (with respect to economy, employment and environment);

(f) UNIDO will ensure that the United Nations regional commissions take into account the contributions of industry to sustainable development when they are preparing their inputs;

(g) UNIDO will commission a few international and national NGOs to prepare papers for the Summit. The papers will highlight the contribution of industry to sustainable development. UNIDO will also solicit the cooperation of such NGOs as the International Chamber of Commerce and Industry, the World Business Council for Sustainable Development, and the Prince of Wales Foundation;

(h) UNIDO will review and coordinate all its regional and global meetings, publicity efforts and publications to ensure that they reflect sustainable development considerations;

(i) UNIDO will show that it is assisting developing countries with technical cooperation projects/integrated programmes that promote sustainable development as distinct from those that contribute to better environmental management. UNIDO will put forward candidate projects that could be presented at the Summit;

(j) At the Summit, UNIDO will publicize some of its major current environmental projects that have a strong sustainable development element, such as the national cleaner production centre programme, water pollution control in the leather sector, integrated coastal zone management, and industrial energy efficiency, and generally prepare promotional material and displays;

(k) Finally, UNIDO will participate in the Summit itself.

III. DECISION IDB.23/DEC.11—CLIMATE CHANGE AND ENVIRONMENT

21. Despite resource constraints, UNIDO was able to enhance its visibility in the Climate Convention negotiations through a number of initiatives completed at the sixth session of the UNFCCC Conference of the Parties (COP 6) at the Hague in November 2000:

(a) Hosting a side event on industrial energy cogeneration on the margins of the convention negotiations—The event was chaired by UNIDO, and hosted by UNIDO and the International Cogeneration Alliance. UNIDO experts from China, India and Nigeria presented cogeneration projects and national experiences with the implementation of energy efficiency measures;

(b) UNIDO maintained a permanent exhibition stand on the Organization's energy efficiency and climate-related work, featuring a PC-based presentation, reports and studies including UNIDO initiatives on industrial cogeneration and capacity-building work for

the Clean Development Mechanism (CDM) in the African industry sector;

(c) A plenary intervention during the high-level segment of the negotiations focusing on UNIDO's work on addressing industrial marginalization and measures that must be taken if poorer countries are to benefit from the CDM;

(d) Individual meetings with national delegates, business, industry and environmental NGOs, and other United Nations organizations to elicit support for UNIDO's work on climate and energy issues.

22. In response to the expression of support of the Board for UNIDO's work in capacity-building and technology transfer (IDB.23/Dec.11, para. (h)), the following work was undertaken:

(a) Implementation of a project on capacity-building for the CDM involving four United Nations agencies (UNDP, UNIDO, UNCTAD and UNEP) with the Climate Convention Secretariat as coordinating agency. This project—"Engaging the private sector in CDM project activities under the UNFCCC/Kyoto Protocol"—focuses on assisting potential CDM recipient countries to build the capacities required for launching CDM programmes and projects in the industrial and energy sectors. The activities envisaged are designed to strengthen the capacity of recipient countries for project assessment and formulation, focusing on the development of methodological options for baseline and additionality assessment and on building capacities to enable them to carry out promotional activities for CDM investment projects. This project is funded by the United Nations Foundation (from the "Turner Fund");

(b) Another Turner Fund project, to improve the efficiency of Chinese industrial motor systems, is under implementation in cooperation with the United States Department of Energy, which is co-funding the project. Two further Turner Fund "planning grants" addressing industrial cogeneration and mini-hydropower for rural areas, also to be executed in China, were approved in March 2001. Successful implementation of these preparatory projects will lead to full-scale project proposals for consideration by the Fund at the end of 2001.

23. Following the completion of the first phase of a capacity-building initiative for the CDM with African industries in 1999, African experts—with the support of UNIDO—attended the thirteenth session of the Climate Convention Subsidiary Bodies at Lyon, France, in September 2000, where they presented the results of their studies at a UNIDO side event. The Chairman of the African Group at UNFCCC welcomed UNIDO's activities and requested that the programme be continued and expanded. Phase II is now under way. Copies of project reports were distributed to all African delegates at COP 6.

24. A similar project for ASEAN countries has been developed and approved by UNIDO, and CDM capacity-building is also the subject of an initiative being developed with the UNIDO Cleaner Production Centres for Latin America. A CDM component of the country service framework for Nigeria was completed and approved in 2000. Interest was expressed by Norwegian oil and gas sector representatives in co-hosting a workshop on the CDM in Nigeria.

25. In its capacity as the lead agency for the thematic round table on energy at the Third United Nations Conference on the Least Developed Countries (LDC III), and in collaboration with UNCTAD and with the support of the Government of Austria, UNIDO convened a high-level pre-conference meeting on energy from 14 to 16 March 2001 in Vienna. Over 50 experts and high-level participants from government agencies, United Nations bodies, private business and industry, academic institutions, international and non-governmental organizations attended. The meeting provided an opportunity to examine energy for sustainable development in LDCs. Plenary sessions focused on four key issues: access to energy; the rational use of energy, including energy efficiency; financing and promotion of investment in the energy sector; and LDCs and hydrocarbons, including innovative ways to address oil price fluctuations and their impact on LDCs' balance of payments.

26. On the meeting's final day, participants produced text summarizing suggested key outputs or deliverables to be carried forward to the round table on energy at LDC III. These include support for large-scale initiatives in selected LDCs for an integrated rural development programme, promotion of the role of private energy service companies, and organization of an event on the development of strategies to protect against oil price fluctuations. These will be considered by the development partners at the round table. In parallel, a number of related actions include project identification and formulation missions to Bhutan, Mali and Zambia.

IV. ACTION REQUIRED OF THE BOARD

27. The Board may wish to take note of the information provided in the present document.